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WASHINGTON, D.C. - U.S. Rep. Charlie Melancon spoke on the floor of the House of Representatives today in support of a bill to bring relief to small businesses along the Gulf Coast that continue to struggle in the aftermath of Hurricanes Katrina and Rita. The Relief for Entrepreneurs: Coordination of Objectives and Values for Effective Recovery (RECOVER) Act of 2007 later passed the House. Rep. Melancon worked closely with the bill's author, Small Business Committee Chairwoman Nydia Velázquez (D-NY), to include several key provisions in the RECOVER Act (H.R. 1361) that specifically address the needs of small business owners in south Louisiana.

"Small businesses are the lifeblood of south Louisiana's economy, and the RECOVER Act will provide many of them with the capital they need to re-open their doors" said Rep. Melancon, a co-sponsor of the legislation.

"I thank Chairwoman Velázquez for her leadership on this bill and for working so closely with me and other Gulf Coast members to make sure the RECOVER Act best addresses the needs of our small business owners, who are still struggling to recover from two of the costliest natural disasters in our nation's history."

"This legislation is a comprehensive solution to problems that have been plaguing Gulf Coast businesses for far too long now," Chairwoman Nydia M. Velázquez said. "We are merely two months away from the start of the next hurricane season; we must fix the problems with the disaster loan program now. Under the RECOVER Act, small businesses across the nation can be confident that the administration will be better equipped to provide them with the disaster assistance they may need to make a full recovery."

The RECOVER Act takes steps to provide relief to Gulf Coast entrepreneurs that continue to struggle nearly two years later. The bill creates a grant program for economically-viable businesses that have not qualified for other assistance. Rep. Melancon also gave a second speech on the floor today against an amendment that would have removed this grant program from the bill.

Rep. Melancon said, **"To these business owners, these grants are critical investment capital which will help them pay utilities to keep the lights on, rent to keep the doors open, and new equipment expenses to continue to recover and grow, despite the incredibly difficult business climate that continues to persist in their areas. Without this grant program, these small businesses will remain too debt-burdened to take the next decisive step required to move from recovery to rebuilding."**

The RECOVER Act also resolves conflicts with state grant programs, such as Louisiana's Road Home program, to ensure small firms are able to access the financing they need to keep their firms open and make a full recovery. Under current law, hurricane survivors who receive SBA loans are forced to repay their loans with their Road Home grant money because of duplication of benefits laws. However, the RECOVER Act attempts to compensate these people by creating a grant program the SBA can reimburse them with.

"Hurricane victims in Louisiana and along the Gulf Coast need all the help they can get with rebuilding their homes and getting their lives back to normal," Rep. Melancon said on the floor today.

"They don't need the federal government giving with one hand and taking with the other."

The legislation ensures that SBA has a plan in place for large scale disasters, and requires the agency to submit an annual report to Congress on the program's performance for the previous year. Provisions also require SBA to undergo yearly disaster simulations and to maintain a corps of reserve staff.

To help address the confusion that existed following Katrina, H.R. 1361 mandates further coordination with FEMA and allows the SBA to more efficiently distribute disaster loans by partnering with private lenders. Rep. Melancon addressed this last issue when he signed on as an original co-sponsor of the *Small Business Disaster Response and Loan Improvements Act of 2007*, introduced in February with Rep. Richard Baker (R-LA). Two key aspects of that legislation are included in the RECOVER Act: allowing for larger maximum loan amounts and permitting private, SBA-approved lenders to originate, process, approve, and service SBA disaster loans. The RECOVER Act increases individual disaster loan limits from \$1.5 million to \$3 million.

Rep. Melancon was also instrumental in writing a section of the RECOVER Act that increases the flexibility of SBA regulations governing the approval of disaster loan applications. Specifically, the provision permits small businesses that were not a major source of employment prior to the disaster, but which subsequently become a major source of employment following a disaster, to qualify for disaster loans beyond the current statutory limit. As Rep. Melancon testified in February before the Small Business Committee, some businesses along the Gulf Coast were denied sufficient loans because the SBA judged their applications solely based on their pre-storm capabilities - not on the new realities they were trying to adjust to and their ability to meet post-storm demands.

"By delaying access to timely assistance, the ineffectiveness of the disaster loan program is inextricably linked to the slow return of small business along the Gulf Coast," said Chairwoman Velázquez. "I recently traveled to New Orleans and saw how hard entrepreneurs are still struggling to get back on their feet. This legislation is vital to those small business owners and to the communities that depend on them."

Small business owners and a GAO report have identified numerous ongoing problems in the disaster loan program. A year and a half after Katrina hit, the agency had yet to disburse \$6 billion of the \$11 billion that was originally approved for disasters loans, leaving thousands of entrepreneurs still waiting for this critical assistance. Earlier this year, witnesses testified about the lag time in getting a response from the agency, the confusion between SBA and FEMA, the lack of trained staff available to handle incoming inquiries and the administration's overall failure to implement a sound a plan for large scale disasters.

"When small business owners needed help the most, the SBA failed them," Rep. Melancon said following the vote.

"After months of frustration, many gave up on getting any assistance from the SBA and either kept their businesses closed or drained their personal resources struggling to stay afloat. The RECOVER Act will make sure that the SBA catastrophe that followed Katrina and Rita doesn't happen again, and small businesses can get the help they need to get back on their feet."

The full text of Rep. Melancon's remarks on the floor today is below.

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RECOVER ACT GENERAL DEBATE SPEECH

First, I would like to thank Chairwoman Velazquez for her continued commitment to helping us rebuild the Gulf Coast. Over a year and a half has passed since Hurricanes Katrina and Rita devastated south Louisiana and other Gulf Coast states. I am pleased my colleagues remain committed to seeing us fully recover and rebuild.

I come to the floor today to support H.R. 1361, the RECOVER Act. Recovering from the two hurricanes that devastated our state and the Gulf Coast in 2005 is the biggest and most important challenge Louisianians have ever faced. Katrina was the biggest natural disaster EVER in the United States and Rita, which many have dubbed the "forgotten storm," was the third worst disaster. First and third, in our nation's history, and they hit the same region within a month of each other.

After these storms hit, it became very clear that SBA was not prepared for a disaster of this caliber. SBA was understaffed, poorly trained, poorly managed, and overall unprepared to respond effectively to the urgent need of disaster relief loans. The SBA's disastrous response effectively discouraged small business owners from applying for business or home loans. Also, inadequate and inaccurate communication from SBA employees kept many customers from finishing applications. I have personally heard of several instances in which small business owners were so frustrated to the point of giving up on the SBA and the hope of getting financial assistance. I remind my colleagues again, that this was at a critical time, when these people needed help more than ever.

H.R. 1361 addresses these serious shortfalls experienced in the aftermath of Katrina. The RECOVER Act will better prepare the SBA to handle future disasters by requiring, among other things, that the agency develop a comprehensive disaster response plan, improve employee training, streamline their information tracking system and follow-up process, and more efficiently distribute disaster loans by partnering with private local lenders. SBA's unwillingness to immediately and effectively delegate responsibility to qualified private lenders created a critical choke point in loan disbursements following the hurricanes. H.R. 1361 includes a common-sense solution that will cure this problem and allow for larger maximum loan amounts and create a more streamlined application process by allowing private, local, SBA-approved banks to administer these loans. These private lenders have the unique advantage of being on the ground and knowing the community and the people and businesses within it. By allowing these private lenders to participate, it will greatly increase the speed and efficiency in

getting the funds in the hands of the small businesses after a disaster.[]

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Another problem we faced after the storms was the SBA's unwillingness or inability to provide maximum flexibility in the administration of these disaster loans.[] Instead of nurturing struggling businesses as they adapted to the new environment following Katrina and Rita, the SBA often strangled them with red tape and bureaucratic hurdles.[] After the storms, some businesses along the Gulf Coast were denied sufficient loans because the SBA judged their applications solely based on their pre-storm capabilities, rather than on the new realities they were trying to adjust to or their ability to meet post-storm demands.[] The RECOVER Act will make the SBA a more flexible agency and will permit them to approve larger grants for businesses that become major sources of employment following disasters.[]

The RECOVER Act also addresses one of the most notorious problems that arose after the storms:[] the duplication of benefits provision.[] Under current law, storm victims who took the initiative to apply for SBA loans are now being forced to repay their SBA loans with Road Home money.[] Hurricane victims in Louisiana and along the Gulf Coast need all the help they can get with rebuilding their homes and getting their lives back to normal.[] They don't need the federal government giving with one hand and taking with the other.[] Rebuilding in the wake of Hurricanes Katrina and Rita has been the biggest challenge the people along the Gulf Coast have ever faced.[] In order to continue to recover and rebuild, recovery money must stay in the disaster regions, not sent back to Washington.[]

I understand the Administration does not want people to "double-dip" and must be effective stewards of taxpayer money, but in this instance victims of a catastrophic disaster are essentially being punished for receiving these disaster loans before they got recovery grants.[] I am a fiscal conservative, but this policy is ridiculous.[] It is dooming the recovery to failure, and it's time we correct it![]

I urge my colleagues to support the RECOVER Act today.[] With hurricane season approaching fast, this bill is critical to the survival of small businesses.[] Small businesses are the lifeblood of this country and we must be ready to protect them for another possible future disaster.[]

SPEECH OPPOSING CHABOT AMENDMENT TO REMOVE GRANT PROGRAM FROM BILL

I'd like to again thank Chairwoman Velazquez for her leadership on this crucial bill, the RECOVER Act. It has the potential to help thousands of small business owners still struggling to recover from these hurricanes that devastated the Gulf Coast in 2005.

I rise today in opposition to this amendment. After surviving Hurricanes Katrina and Rita, two of the worst natural disasters in our country's history, the citizens of the Gulf Coast were then faced with a man-made disaster: one of the most disorganized and chaotic federal responses I have ever seen. Many of the federal agencies that were created to help these people recover, wound up making matters worse. One of these agencies was the SBA.

After the storms, 81,000 Louisiana businesses were economically impacted. Over 18,000 were completely or severely destroyed. Astonishingly, however, following these hurricanes, only 38% of small business disaster loans were approved. In hearings, the SBA admitted that after "typical" disasters, they normally approve 60% of disaster business loans. After Katrina and Rita, conversely, over 60% DID NOT receive SBA assistance and were left with no where to turn for help.

One of the many reasons that the SBA failed the people of the Gulf Coast was because it did not have the proper tools nor flexibility it needed to sufficiently and adequately address the demands caused by these extraordinary storms. These were unprecedented natural disasters, and they called for an unprecedented response. This was not a one-size-fits-all storm as my colleagues on the other side of the aisle would like to believe.

In the resourceful, self-sufficient economy of South Louisiana, small businesses are the lifeblood of the local economy. Many of these mom-and-pop shops are home-grown and family-run businesses, such as those in the shrimping industry in South Louisiana, that do not fit the traditional mold of current SBA loan qualifications. These are the businesses that are being denied assistance, yet these are the businesses that are the local economy's most critical assets.

The grant program that this amendment seeks to eliminate is a vital tool that the SBA needs to help otherwise viable businesses rebuild in the most devastated areas. This is a limited grant program that will provide critical assistance to the most severely affected small businesses, while still ensuring that the taxpayer's dollars are spent in a responsible manner.

To these business owners, these grants are critical investment capital which will help them pay utilities to keep the lights on; rent to keep the doors open; and new equipment expenses to

continue to recover and grow, despite the incredibly difficult business climate that continues to persist in their areas. Without this grant program, these small businesses will remain too debt-burdened to take the next decisive step required to move from recovery to rebuilding.

I strongly urge my colleagues to oppose this amendment today. Help these small businesses along the Gulf Coast get back on their feet and get their doors open again.

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